

## NIT LEF Trust Constitution

The NIT LOCAL EQUITY FUND is constituted under the NIT UNIT TRUST which is authorized under the Unit Trust Act 1989 and established by a Trust Deed dated 19th & 26th October 2007 between the National Investment Trust Ltd (“The Manager”) and the State Commercial Bank Ltd (“The Trustee”).

## NIT LEF Trust Objective

The investment objective of the NIT LOCAL EQUITY FUND is to produce both income and capital growth from a diversified portfolio of domestic securities. Investments are predominantly made in shares quoted on the local stock market.



## Independent auditor's report to the unitholders of the NIT Local Equity Fund constituted under the NIT Unit Trust

**T**his report is made solely to the Fund's unitholders, as a body. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on the Financial Statements

We have audited the financial statements of NIT Local Equity Fund on pages 35 to 51 which comprise the statement of assets and liabilities as at 30 June 2013 and the statement of movements in net assets, income and distribution statement and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Responsibilities of manager and trustee*

The manager and trustee are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Trust Deed. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements on pages 35 to 51 give a true and fair view of the financial position of NIT Local Equity Fund as at 30 June 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Trust Deed.

**Deloitte**  
Chartered Accountants  
7<sup>th</sup> Floor, Raffles Tower  
19, Cybercity, Ebène



# Statement of Assets and Liabilities at 30 June 2013

	Notes	2013 Rs	% of Fund	2012 Rs	% of Fund
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Portfolio of Domestic Securities	5	620,698,155	98.46	563,455,203	99.22
<b>Current Assets</b>					
Accounts receivable	6	392	0.00	554,003	0.10
Cash at bank		21,495,445	3.41	16,762,750	2.95
		<u>21,495,837</u>	<u>3.41</u>	<u>17,316,753</u>	<u>3.05</u>
<b>TOTAL ASSETS</b>		<b>642,193,992</b>	<b>101.87</b>	<b>580,771,956</b>	<b>102.27</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	7	1,852,731	0.29	331,877	0.06
Loan	8	-	-	1,465,393	0.26
Distribution to unitholders	9	9,899,008	1.57	11,088,221	1.95
Taxation	10	36,961	0.01	4,210	0.00
<b>TOTAL LIABILITIES (excluding net assets attributable to unitholders)</b>		<b>11,788,700</b>	<b>1.87</b>	<b>12,889,701</b>	<b>2.27</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>Rs 630,405,292</b>	<b>100.00</b>	<b>567,882,255</b>	<b>100.00</b>

Approved by the Manager of the NIT Local Equity Fund and authorised for issue on 13 August 2013.

The Manager

## Statement of Movements in Net Assets

for the year ended 30 June 2013

	Investments Rs	Other net assets Rs	Total Rs
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2011	702,369,507	(20,235,942)	682,133,565
Cash received for units created	-	11,280,966	11,280,966
Cash paid for units liquidated	-	(5,610,525)	(5,610,525)
<b>NET CASH MOVEMENT FROM UNITS</b>	-	5,670,441	5,670,441
Refund on conversion	(248)	248	-
Proceeds from sale of investments	(18,992,305)	18,992,305	-
<b>NET CASH MOVEMENT FROM INVESTMENTS</b>	(18,992,553)	18,992,553	-
Deficit for the year	-	(119,921,751)	(119,921,751)
Transfer of loss on investment	(119,921,751)	119,921,751	-
	(119,921,751)	-	(119,921,751)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2012</b>	<b>Rs 563,455,203</b>	<b>4,427,052</b>	<b>567,882,255</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2012</b>	<b>563,455,203</b>	<b>4,427,052</b>	<b>567,882,255</b>
Cash received for units created	-	11,310,873	11,310,873
Cash paid for units liquidated	-	(9,551,671)	(9,551,671)
<b>NET CASH MOVEMENT FROM UNITS</b>	-	1,759,202	1,759,202
Purchase of Investments	8,276,917	(8,276,917)	-
Proceeds from disposal of investments	(11,797,800)	11,797,800	-
<b>NET CASH MOVEMENT FROM INVESTMENTS</b>	(3,520,883)	3,520,883	-
Surplus for the year	-	60,763,835	60,763,835
Net increase in fair value of investments	60,763,835	(60,763,835)	-
	60,763,835	-	60,763,835
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2013</b>	<b>Rs 620,698,155</b>	<b>9,707,137</b>	<b>630,405,292</b>



# Income and Distribution Statement

for the year ended 30 June 2013

	Notes	2013 Rs	2012 Rs
<b>INVESTMENT INCOME</b>			
Dividend income		15,801,644	17,727,605
Interest income		541,231	241,345
		16,342,875	17,968,950
<b>FUND EXPENSES</b>			
Management fees	11	5,846,445	6,048,347
Audit fees		142,600	149,500
Trustee fees	12	150,000	150,000
Interest expense		-	431,442
Printing		130,000	130,000
Bank charges		2,560	2,125
General expenses		11,724	2,530
		6,283,329	6,913,944
<b>INCOME FROM OPERATING ACTIVITIES</b>		10,059,546	11,055,006
<b>EQUALISATION</b>			
Income received on units created		39,488	141,180
Amounts paid on units liquidated		(146,362)	(89,386)
		(106,874)	51,794
<b>INCOME BEFORE TAXATION</b>		9,952,672	11,106,800
<b>TAXATION EXPENSE</b>	10	(53,664)	(18,579)
<b>INCOME AFTER TAXATION</b>		9,899,008	11,088,221
<b>DISTRIBUTION TO UNITHOLDERS</b>	9	(9,899,008)	(11,088,221)
<b>INCOME BEFORE INVESTMENTS ITEMS</b>		-	-
Net increase/decrease in fair value of FVTPL investments		67,058,880	(115,382,153)
Loss on disposals of FVTPL investments		(6,295,045)	(4,539,598)
		60,763,835	(119,921,751)
<b>(DEFICIT)/SURPLUS FOR THE YEAR ATTRIBUTABLE TO UNITHOLDERS</b>	Rs	<b>60,763,835</b>	<b>(119,921,751)</b>

## Cash Flow Statement for the year ended 30 June 2013

	2013 Rs	2012 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/income before taxation (adjusted for net (loss)/gain on investments)	70,716,507	(108,814,951)
Adjustments for:		
Interest payable	-	431,442
Interest income	(541,231)	(241,345)
Net Increase in fair value of FVTPL investments	(67,058,880)	115,382,153
Loss on disposal of investments	6,295,045	4,539,598
<b>Operating profit before taxation</b>	9,411,441	11,296,897
<b>Movement in working capital</b>		
Increase in accounts receivable	553,611	-
Increase in accounts payable	1,520,854	76,877
	2,074,465	76,877
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>11,485,906</b>	<b>11,373,774</b>
Taxation	(20,913)	(15,209)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to investments	(8,276,917)	-
Proceeds from sale of investments	11,797,800	18,992,305
Refund on conversion of investment	-	248
Interest income	541,231	241,345
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>4,062,114</b>	<b>19,233,898</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(431,442)
Dividend paid	(11,088,221)	(11,304,682)
Loan received	-	6,699,056
Loan paid	(1,465,393)	(30,201,360)
Net cash movement from units	1,759,202	5,670,441
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(10,794,412)</b>	<b>(29,567,987)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,732,695</b>	<b>1,024,476</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>16,762,750</b>	<b>15,738,274</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>Rs 21,495,445</b>	<b>16,762,750</b>



# Notes to the Financial Statements

## for the NIT Local Equity Fund for the year ended 30 June 2012

### 1. GENERAL INFORMATION

The NIT Local Equity Fund is a public open-ended collective Investment scheme which is constituted under NIT Unit Trust. The Fund's registered office is Level 8, Newton Tower, Sir William Newton Street, Port Louis. It was established by a Trust Deed dated 19th and 26th October 2007 made between National Investment Trust Ltd ("The Manager") and State Bank of Mauritius Ltd ("The Trustee").

The investment objective of the NIT Local Equity Fund is to produce both income and capital growth from a diversified portfolio of assets. Investments are mostly in equities and fixed interest securities in the domestic stock market.

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2012.

#### 2.1 Revised Standards applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets).

#### 2.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated.

IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IAS 36	Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives (effective 1 January 2014)
IFRS 7	Financial Instruments: Disclosures - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 9	Financial Instruments - Original Issue (Classification and measurement of financial assets) (effective 1 January 2013) (effective 1 January 2015)
IFRS 12	Disclosure of Interests in Other Entities - Original Issue (effective 1 January 2013)

IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2013)
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 12	Disclosure of Interests in Other Entities - Original Issue (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities - Amendments to transitional guidance (effective 1 January 2013)
IFRS 13	Fair Value Measurement (effective 1 January 2013).

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied by the Fund are as follows:

#### (a) Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with International Financial Reporting Standards ("IFRS").

#### (b) Dividend and interest income

- (i) Dividends receivable from listed investments are accounted for when the shareholder's right to receive the dividends is established
- (ii) Interest receivable from bank and short term deposits is credited to the Income and Distribution Statement on a time basis under the effective interest method.

#### (c) Deferred taxation

Deferred taxation is provided on the comprehensive basis using the liability method.

Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

#### (d) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk to change in value.

#### (e) Investment valuation

Fair value is determined as follows:

The Fund classifies its investments as fair value through profit or loss ("FVTPL"). Purchases and sales of investments are recognised on the trade-date basis – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value for all financial assets. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in fair value of FVTPL assets are included in the Income and Distribution Statement and held as assets attributable to unitholders.





The gains and losses on disposal of FVTPL assets are recognised in the Income and Distribution Statement and are held as assets attributable to unitholders.

Management determines the appropriate classification of the Fund's investments and re-evaluates such classification on a regular basis.

Fair value of the investments is determined by the Fund as follow:

- Investments quoted on the local market are valued on the basis of the market prices prevailing at year end or at the trading sessions immediately preceding the year end.

#### *Unquoted investments*

Where there is no active market, the fair value of unquoted investments are determined using valuation techniques including comparisons to similar recent transactions, reference to price earnings ratios of similar quoted investments, discounted cash flow and other valuation models. Such valuation exercises require that the Company makes estimates of future cash flows, discount rates and price earnings ratio as applicable to the relevant markets.

### (f) **Financial instruments**

Financial assets and liabilities are recognised on the statement of Assets and Liabilities when the Fund has become party to the contractual provisions of the financial instruments.

The carrying amounts of the Fund's financial instruments approximate their fair values due to the short term nature of the balances involved. These instruments are measured as follows:

#### (i) *Investments*

Investments in equity securities are stated at fair value. The accounting policy for investment securities is disclosed in note 3(e).

#### (ii) *Accounts receivable*

Accounts receivable originated by the Fund are stated at amortised cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at the end of the reporting period. Bad debts are written off during the period in which they are identified.

#### (iii) *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the year end.

#### (iv) *Accounts payable*

Accounts payable are stated at their amortised cost.

#### (v) *Units*

Units of the Fund, which are redeemable at any time at the option of the unitholder for cash, do not have a par value and an unlimited number of units may be issued. The units are financial liabilities and therefore the net assets attributable to unitholders are classified within liabilities in the statement of Assets and Liabilities and distributions to unitholders are included as finance costs in the Income and Distribution Statement.

### (g) **Impairment**

The carrying amounts of assets are assessed at end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the Fund estimates the recoverable amount of the assets, being the higher of assets' net selling price and their value in use, and reduces the carrying amount of the assets to their recoverable amounts.

### (h) **Provisions**

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable

estimate can be made of the amount of the obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

(i) **Equalisation**

Accrued income included in the issue and repurchase of prices of units are dealt with in the Income and Distribution Statement.

(j) **Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

#### 4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 5. PORTFOLIO OF DOMESTIC SECURITIES

(i) **Fair-value through profit or loss**

	<b>Quoted</b>		<b>Unquoted</b>	<b>Total</b>
	<b>Official Market Rs</b>	<b>Development &amp; Enterprises Market Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>At fair value</b>				
At 1 July 2011	692,613,456	8,191,601	1,564,450	702,369,507
Disposals	(23,531,903)	-	-	(23,531,903)
Refund on conversion	-	(248)	-	(248)
<b>Deficit on revaluation</b>	<b>(116,181,963)</b>	<b>799,810</b>	<b>-</b>	<b>(115,382,153)</b>
<b>At 30 June 2012</b>	<b>552,899,590</b>	<b>8,991,163</b>	<b>1,564,450</b>	<b>563,455,203</b>
At 1 July 2012	552,899,590	8,991,163	1,564,450	563,455,203
Additions	9,000,000	-	-	9,000,000
Disposals	(18,092,846)	-	-	(18,092,846)
Conversion (Note 2 and 3)	4,338,885	(2,774,435)	(1,564,450)	-
Refund on conversion	(24)	-	-	(24)
Liquidation Proceed (Note 1)	-	(723,058)	-	(723,058)
<b>Surplus on revaluation</b>	<b>69,658,485</b>	<b>(2,599,605)</b>	<b>-</b>	<b>67,058,880</b>
<b>At 30 June 2013</b>	<b>617,804,090</b>	<b>2,894,065</b>	<b>-</b>	<b>620,698,155</b>
<b>Sales proceeds</b>	<b>11,797,800</b>	<b>-</b>	<b>-</b>	<b>11,797,800</b>



- 1) Knowledge Economies Ltd, a company in liquidation, has made an interim distribution of Rs 3.33 per share to its shareholders.
- 2) On 20 July 2012, Deep River Beau Champ Limited has been amalgamated with Flacq United Estates Limited and, the new entity has been renamed Alteo Limited.
- 3) At a Special Meeting held on 17 July 2012, the shareholders of The Beau Champ Holding Company Limited approved the voluntary winding-up of that company and, the distribution of the shares held by The Beau Champ Holding Company Limited in Alteo Limited to its shareholders.

(ii) **Details of domestic securities**

	<b>Fair value 2013 Rs</b>	<b>Portfolio 2013 %</b>
<b>LEISURE AND TOURISM</b>		
<b>Official List</b>		
New Mauritius Hotels Limited	63,416,853	10.21
Sun Resorts Limited	35,916,209	5.79
Naiade Resort Ltd	4,132,700	0.67
	<b>103,465,762</b>	<b>16.67</b>
<b>BANK, INSURANCE AND FINANCE</b>		
<b>Official List</b>		
State Bank of Mauritius Ltd	187,895,999	30.27
The Mauritius Commercial Bank Ltd	180,066,972	29.01
Mauritian Eagle Insurance Co Ltd	5,244,400	0.84
Swan Insurance Co. Ltd	2,843,820	0.46
CIM Financial Services Ltd	10,467,708	1.69
	<b>386,518,899</b>	<b>62.27</b>
<b>COMMERCE</b>		
<b>Official List</b>		
Shell Mauritius Limited	4,012,568	0.65
<b>PROPERTY AND CONSTRUCTION</b>		
<b>Development &amp; Enterprises Market</b>		
COVIFRA Ltee	156,456	0.03
<b>FOOD AND BEVERAGES</b>		
<b>Official List</b>		
Innodis Limited	4,626,415	0.75
Phoenix Beverages Ltd	9,923	0.00
<b>Development &amp; Enterprises Market</b>		
Les Moulins de la Concorde Ltee	153,000	0.02
	<b>4,789,338</b>	<b>0.77</b>
<b>MANUFACTURING AND INDUSTRIAL</b>		
<b>Official List</b>		
Mauritius Oil Refineries Limited	5,679,851	0.92
United Basalt Products Limited	17,659,600	2.85
<b>Development &amp; Enterprises Market</b>		
Chemco Ltd	2,100	0.00
CIEL Textile Ltd	104,828	0.02
	<b>23,446,379</b>	<b>3.79</b>

	Fair value 2013 Rs	Portfolio 2013 %
<b>CONGLOMERATE</b>		
<b>Official List</b>		
Ireland Blyth Ltd	32,870,815	5.30
Rogers and Company Ltd	11,063,877	1.78
	<b>43,934,692</b>	<b>7.08</b>
<b>SUGAR INDUSTRY</b>		
<b>Official List</b>		
Harel Freres Ltd	2,705,095	0.44
Omnican Limited	28,817,448	4.64
Omnican Ltd Notes (second issue)	9,046,992	1.46
ENL Land Ltd	3,689,200	0.59
Alteo Ltd	6,243,553	1.01
<b>Development &amp; Enterprises Market</b>		
Medine Share Holdings	607,500	0.10
	<b>51,109,788</b>	<b>8.24</b>
<b>INVESTMENTS</b>		
<b>Development &amp; Enterprises Market</b>		
Ciel Investment Limited	1,439,190	0.23
Phoenix Investment	430,992	0.07
	<b>1,870,182</b>	<b>0.30</b>
<b>AIR TRANSPORT</b>		
<b>Official List</b>		
Air Mauritius Limited	1,394,091	0.22
<b>TOTAL VALUE OF DOMESTIC SECURITIES</b>	<b>Rs 620,698,155</b>	<b>100.00</b>

## (iii) Portfolio changes

**HOLDINGS SOLD DURING THE YEAR****Official Market**

Sun Resorts Limited (Ord)

Rogers Ltd (Ord)

**HOLDINGS ACQUIRED DURING THE YEAR**

Omnican Ltd Notes (second issue)

**HOLDINGS CONVERTED DURING THE YEAR****Development & Enterprises Market**

Deep River Beau Champ Ltd (Ord), Flacq United Estates Ltd (Ord) and Beau Champ Holdings Ltd (Ord) converted into Alteo Ltd.



6. **ACCOUNTS RECEIVABLE**

	2013 Rs	2012 Rs
Trade receivables	Rs 392	554,003

Trade receivables for the financial year 2012 represent dividend receivable from listed and DEM companies which is accrued on the basis of the date of dividend declaration. The dividend was received during the financial year.

7. **ACCOUNTS PAYABLE**

	2013 Rs	2012 Rs
Other payables	1,662,731	1,877
Accruals	190,000	330,000
	Rs 1,852,731	331,877

The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

8. **LOAN**

	2013 Rs	2012 Rs
At 1 July	1,465,393	24,967,697
Loan received	-	6,699,056
Loan repaid	(1,465,393)	(30,201,360)
Balance at 30 June	Rs -	1,465,393

The above loan from National Investment Trust Ltd was unsecured, interest bearing at the rate of 5 % p.a (2012: 5 % p.a) and was repaid during the year.

9. **DISTRIBUTIONS TO UNITHOLDERS**

	2013 Rs	2012 Rs
Final distribution of Re 0.01 per unit (2012: Re 0.01)	Rs 9,899,008	11,088,221

10. **TAXATION**(i) **Income tax**

Income tax is charged on the net income of the Fund, as adjusted for tax purposes, at the rate of 15 % (2012: 15 %) as follows:

	2013 Rs	2012 Rs
Balance at 1 July	4,210	840
Current tax provision	53,664	18,579
Tax paid	(20,913)	(15,209)
Tax liability as per statement of financial position	36,961	4,210
Taxation charge as per Income and Distribution Statement	Rs 53,664	18,579

(ii) **Tax reconciliation**

	2013 Rs	2012 Rs
Net income before taxation	R\$ 9,952,672	11,106,800
Tax at 15%	1,492,901	1,666,020
Tax effects of:		
- Exempt income	(2,370,246)	(2,665,141)
- Expenses attributable to exempt income	931,009	1,017,700
Taxation expense	R\$ 53,664	18,579

(iii) **Deferred tax**

The Fund had no deferred tax asset/liability at 30 June 2013 (2012: Nil).

11. **MANAGEMENT FEES**

	2013 Rs	2012 Rs
These comprise fees payable to: National Investment Trust Ltd	R\$ 5,846,445	6,048,347

Management fees payable to the Fund's Investment Manager, National Investment Trust Ltd is based on 1% of the Net Asset Value of the Fund. The fees which are calculated on a weekly basis are payable monthly in arrears.

12. **TRUSTEE'S FEES**

Trustee's fees payable to State Bank of Mauritius Ltd are determined on the basis of a scale determined by the trustee in consultation with the manager. The trustee fees amounted to Rs 150,000 per year and are payable half yearly in arrears.

13. **UNITS**(a) **Movements in units during the year:**

	Units	Rs
Net assets attributable to unitholders at 1 July 2011	805,814,173	682,133,565
Units created	15,292,007	11,280,966
Units liquidated	(7,596,078)	(5,610,525)
Deficit on investment activities	-	(119,921,751)
Net assets attributable to unitholders at 30 June 2012	813,510,102	567,882,255
Net assets attributable to unitholders at 1 July 2012	813,510,102	567,882,255
Units created	16,900,593	11,310,873
Units liquidated	(13,768,593)	(9,551,671)
Surplus on investment activities	-	60,763,835
Net assets attributable to unitholders at 30 June 2013	816,642,102	630,405,292



## (b) Net asset value per unit:

	2013 Rs	2012 Rs
Ex-div	Rs 0.77	0.70

## (c) Prices per unit at valuation date:

	2013 Rs	2012 Rs
Issue price	Rs 0.78	0.72
Repurchase price	Rs 0.77	0.70

## 14. ENTRY AND EXIT FEE

On the issue of units, no entry fee (2012: 1 %) is paid by the unitholder to the Fund and, on the repurchase of units, an exit fee of 2 % (2012: 2 %) of the capital and income values of the units is paid by the unitholder to the Fund. The sums collected are then remitted to the manager.

## 15. RELATED PARTY TRANSACTIONS

The Fund is making the following disclosures in respect of related party transactions:

	2013 Rs	2012 Rs
(i) <i>Outstanding balances</i>		
<i>Payable to related parties</i>		
National Investment Trust Ltd (Investment manager)-Loan	1,662,731	1,465,393
State Bank of Mauritius Ltd	75,000	75,000
Rs	<u>1,737,731</u>	<u>1,540,393</u>

The above loan due to National Investment Trust Ltd is unsecured, repayable at call and bears an interest rate of 5 % p.a. (2012: 5 % p.a.).

<i>Bank balances and short term deposits with</i>		
State Bank of Mauritius Ltd	Rs <u>21,495,445</u>	<u>16,762,750</u>
<b>Transactions</b>		
(ii) <i>Manager's fees to</i>		
National Investment Trust Ltd	Rs <u>5,846,445</u>	<u>6,048,347</u>
(iii) <i>Trustee's fees to</i>		
State Bank of Mauritius Ltd	Rs <u>150,000</u>	<u>150,000</u>
(iv) <i>Interest income from</i>		
State Bank of Mauritius Ltd	Rs <u>541,231</u>	<u>241,345</u>
(v) <i>Bank charges payable to</i>		
State of Mauritius Ltd	Rs <u>2,560</u>	<u>2,125</u>
(vi) <i>Interest payable to</i>		
National Investment Trust Ltd	Rs <u>-</u>	<u>431,442</u>

**Compensation to key management personnel**

There was no compensation to key management personnel for the year ended 30 June 2013 (2012: Nil).

## 16. FINANCIAL INSTRUMENTS

### Capital risk management

The Fund manages its capital to ensure that the Fund will be able to continue as a going concern. The capital structure of the Fund consists of net debt (loan and net assets attributable to unitholders offset by cash at bank).

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

### Categories of financial instruments

	2013 Rs	2012 Rs
<i>Financial assets</i>		
Investments at fair value through profit or loss (FVTPL)	620,698,155	563,455,203
Accounts receivable	392	554,003
Cash and cash equivalents	21,495,445	16,762,750
<b>Rs</b>	<b>642,193,992</b>	<b>580,771,956</b>
<i>Financial Liabilities</i>		
Accounts payable and loan, at amortised cost	1,852,731	1,797,270
Distribution to unitholders	9,899,008	11,088,221
Net assets attributable to unitholders	630,405,292	567,882,255
<b>Rs</b>	<b>642,157,031</b>	<b>580,767,746</b>

### Financial risk management objectives

The Fund deals with domestic securities only and manages the financial risks relating to its operations by monitoring the risks and implementing policies to mitigate these risk exposures. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

### Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Fund's exposure to market risk is determined by a number of factors, including interest rates and market volatility.

### Foreign currency risk management

The Fund is not significantly exposed to any currency risk since all its financial assets and liabilities are denominated in Mauritian Rupees.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.

The Fund does not have significant concentration of credit risk which is primarily attributable to its trade receivables.





### Interest rate risk management

The Fund is exposed to interest rate risk as the Fund has cash at bank at floating interest rates. The risk is managed by the Fund by maintaining adequate cash reserves at floating interest rates.

The interest rate profile of the Fund's financial assets and financial liabilities as at 30 June 2013 was:

	2013 % p.a	2012 % p.a
<i>Financial assets</i>		
Cash at bank	4.5	4.5
<i>Financial liabilities</i>		
Loan	-	5

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on bank. A 100 basis points increase or decrease is used as this represents management's assessment of the reasonably possible change in interest rates.

The management considers the sensitivity on interest to be minimal.

### Other price risks

The Fund is exposed to equity price risks arising from equity investments which the Fund holds for trading purposes.

### Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, equity reserves would increase/decrease by Rs 31.0M (2012: Rs 28.2M) as a result of the changes in fair value of the held-for-trading shares.

**Liquidity risk management***Maturity profile*

2013	Weighted average effective interest rate % p.a	At call Rs	Less than 1 month Rs	1-3 months Rs	3 months to 1 year Rs	More than 1 year	Total Rs
<b>Financial assets</b>							
Non interest bearing		-	392	-	-	620,698,155	620,698,547
Variable interest rate instruments	4.5	21,495,445	-	-	-	-	21,495,445
		Rs 21,495,445	392	-	-	620,698,155	642,193,992
<b>Financial liabilities</b>							
Non interest bearing		630,405,292	-	190,000	9,899,008	-	640,494,300
Fixed interest rate instruments	5	-	-	1,662,731	-	-	1,662,731
		Rs 630,405,292	-	1,852,731	9,899,008	-	642,157,031
<b>2012</b>							
<b>Financial assets</b>							
Non interest bearing		-	554,003	-	-	563,455,203	564,009,206
Variable interest rate instruments	4.5	16,762,750	-	-	-	-	16,762,750
		Rs 16,762,750	554,003	-	-	563,455,203	580,771,956
<b>Financial liabilities</b>							
Non interest bearing		567,882,255	-	-	11,420,098	-	579,302,353
Fixed interest rate instruments	5	-	-	-	1,465,393	-	1,465,393
		Rs 567,882,255	-	-	12,885,491	-	580,767,746



**Fair values**

The carrying amounts of financial assets and liabilities approximate their fair values due to the nature of the balances involved, except where stated elsewhere.

**Fair value measurements**

*Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of financial assets are determined as follows:

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

*Fair value measurements recognised in the statement of financial position*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2013				
	Level 1	Level 2	Level 3	Total
	Rs	Rs	Rs	Rs
<b>Financial assets designated at FVTPL</b>				
Quoted equities	620,698,155	-	-	620,698,155

30 June 2012				
	Level 1	Level 2	Level 3	Total
	Rs	Rs	Rs	Rs
<b>Financial assets designated at FVTPL</b>				
Quoted equities	561,890,753	-	-	561,890,753

